

Message Text

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P R 012300Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY BONN PRIORITY

INFO USMISSION IAEA VIENNA

AMEMBASSY BRASILIA

S E C R E T STATE 073723

EXDIS

E.O. 11652: XGDS-3

TAGS: PARM, GW

SUBJECT:FRG NUCLEAR SALE TO BRAZIL

REF: STATE 71069

1. THE FOLLOWING IS A SOMEWHAT MORE DETAILED REPORT ON FRG VIEWS, AS CONVEYED BY MINISTER HANSEN TO ACDA AND DEPARTMENT ON MARCH 28, RE THEIR NUCLEAR SUPPLY AGREEMENT WITH BRAZIL. HANSEN POINTED OUT THAT TIME WAS SHORT AND THAT THEY HAD WANTED TO DELIVER THE RESPONSES IMMEDIATELY. READING FROM INSTRUCTIONS FROM BONN, HE SAID T'E FRG HAS CAREFULLY EXANINED THE US VIEWS ON SUPPLY TO BRAZIL AND IS READY TO RECEIVE A US DELEGATION IN BONN AS SOON AS POSSIBLE TO EXPLAIN AGAIN THE FRG POSITION, BECAUSE THE FINAL CABINET LEVEL DECISION ON
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THE SUBJECT IS TO BE TAKEN VERY SOON. THUS FRG DESIRES

TO HAVE THIS CONSULTATION WITH THE US NEXT WEEK.

2. HANSEN SAID THE FRG IS STILL OF THE OPINION THAT SUPPLY AGREEMENT MAKES SENSE ONLY IF ALL SUPPLIERS ARE INVOLVED. THE FRG HAS SUPPORTED THE US PROPOSAL FOR A CONFERENCE OF NUCLEAR SUPPLIERS, BUT IT DOES NOT APPEAR THAT SUCH A CONFERENCE WILL TAKE PLACE IN THE NEAR FUTURE. THEREFORE THE FRG HAS CONCLUDED THAT IT CANNOT DELAY THE SUPPLY AGREEMENT WITH BRAZIL. BILATERAL SUPPLIER AGREEMENTS ARE NOT SUFFICIENT BECAUSE THEY COULD BE UNDERCUT BY OTHER SUPPLIERS. THE FRG CANNOT, BY FURTHER DELAY, TAKE THE RISK THAT THE BRAZIL SALE WOULD FAIL OR THAT BRAZIL WOULD REACH AGREEMENT WITH ANOTHER SUPPLIER. THIS WOULD HAVE A VERY SERIOUS AFFECT IN THE FRG, AND WOULD BE VERY BAD FOR THE CAUSE OF NON-PROLIFERATION.

3. HANSEN SAID THE FRG HAS EXAMINED THE US SUGGESTIONS. THE FRG BELIEVES IT IS NOT POSSIBLE OR NECESSARY TO RENEGOTIATE THE ARRANGEMENTS WITH BRAZIL, BECAUSE MOST OF THE US POINTS COULD BE TAKEN CARE OF OUTSIDE THE AGREEMENT OR ALREADY INCLUDED. FRG RESPONSES TO SPECIFIC US POINTS WERE AS FOLLOWS:

A. CONTINUING FRG INVOLVEMENT IN THE REPROCESSING AND ENRICHMENT PLANTS IS ALREADY GUARANTEED BECAUSE THESE ARE SET UP AS JOINT VENTURES. THE FRG WILL HAVE A VOICE IN POLICY DECISIONS. THE FRG FOREIGN TRADE BILL WOULD GIVE THE FRG THE ABILITY TO REVIEW SPECIFIC EXPORTS LICENSES AND REFUSE SUCH LICENSES IF NECESSARY. (IN RESPONSE TO A QUESTION, EMBASSY OFFICIALS MAINTAINED THAT THIS CONTROL EXTENDS TO TECHNOLOGY AS WELL AS EQUIPMENT AND MATERIAL.)

B. WITH REGARD TO IAEA SAFEGUARDS, DEFINITION OF TECHNOLOGY COVERAGE IS NECESSARY. HOWEVER, IT IS NOT NECESSARY THAT DETAILS BE INCLUDED IN THE FRG-BRAZIL AGREEMENT. THE AGREEMENT SAYS THAT THE FRG WILL EXPORT ONLY WHEN THE RELEVANT IAEA SAFEGUARDS AGREEMENT EXISTS. AS MEMBERS OF THE BOARD OF GOVERNORS OF THE IAEA, THE FRG AND US CAN HAVE AN INFLUENCE ON THAT AGREEMENT.

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C. THE FRG HAS ASSUMED THAT IAEA SAFEGUARDS ON ALL FACILITIES CAN BE EFFECTIVELY IMPLEMENTED. THE FRG, THEREFORE, DOES NOT THINK THAT ADDITIONAL IAEA SAFEGUARDS NEED TO BE BILATERALLY IMPOSED.

WITH REGARD TO URANIUM ENRICHMENT TECHNOLOGY, THE FRG IS NOT SUPPLYING THE MOST SENSITIVE TECHNOLOGY, BUT ONLY THE GAS NOZZLE PROCESS. THIS PROCESS CANNOT BE USED TO

ACHIEVE HIGH ENRICHMENT.

D. THE FRG DOES NOT BELIEVE THE ARGUMENT CAN BE MADE THAT BRAZIL IS UNRELIABLE. THE FRG WOULD NOT BE ABLE TO IMPLEMENT BILATERAL SAFEGUARDS AS IT HAS NO SYSTEM IN EXISTENCE.

E. THE FRG BELIEVES THAT CONTROL OVER THE TIMETABLE FOR DEVELOPMENT OF FUEL CYCLE FACILITIES IS INHERENT IN THE ARRANGEMENT WITH BRAZIL. THIS IS BECAUSE THAT ARRANGEMENT IS IN THE FORM OF A JOINT VENTURE.

4. DEPARTMENT THROUGH THE FRG EMBASSY HAS SCHEDULED MEETING IN BONN ON APRIL 7. (EMBASSY SAID THAT APRIL 7 DATE WAS PREFERABLE TO APRIL 4 DATE INITIALLY PROPOSED BY DEPARTMENT, AS REPORTED IN REFTTEL.) US TEAM OF NOSENZO (STATE), BORIGHT (ACDA), AND THOMPSON (OR HUDGINS) (INTERNATIONAL SECURITY AFFAIRS, ERDA) SCHEDULED TO ARRIVE FRANKFURT AT 6:20 AM ON APRIL 6. WILL TAKE TRAIN TO BONN AND CALL EMBASSY FOR PICKUP AT TRAIN STATION. REQUEST EMBASSY PICKUP AT COLOGNE AND RESERVATIONS (3 SINGLES) FOR NIGHTS OF APRIL 6 AND 7 IN BONN. KISSINGER

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